sincere 先施

THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0244)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2014

The Board of Directors (the "Board") of The Sincere Company, Limited (the "Company") announces that the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28 February 2014 together with the comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 28 February 2014

	Notes	2014 HK$'000	2013 HK$'000 (restated)
CONTINUING OPERATIONS			
REVENUE	3	**444,113**	498,066
Cost of sales		**(165,426)**	(171,508)
Other income and gains, net		**45,986**	43,258
Net unrealised gain/(loss) on securities trading		**(12,700)**	9,434
Selling and distribution expenses		**(258,400)**	(206,531)
General and administrative expenses		**(134,309)**	(124,840)
Impairment on other receivables and financial instruments, net	5	**–**	(20,988)
Other operating expenses		**(928)**	(935)
Finance costs	4	**(4,077)**	(2,171)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	5	**(85,741)**	23,785
Income tax expense	6	**(325)**	(447)

	Notes	2014 HK$'000	2013 HK$'000 (restated)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**(86,066)**	23,338
DISCONTINUED OPERATION			
Profit for the year from the discontinued operation	*7*	**–**	49,849
PROFIT/(LOSS) FOR THE YEAR		**(86,066)**	73,187
ATTRIBUTABLE TO:			
Equity holders of the Company		**(85,068)**	64,344
Non-controlling interests		**(998)**	8,843
		(86,066)	73,187
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*9*		
Basic			
– For profit/(loss) for the year		**HK$(0.27)**	HK$0.21
– For profit/(loss) from continuing operations		**HK$(0.27)**	HK$0.05
Diluted			
– For profit/(loss) for the year		**HK$(0.27)**	HK$0.21
– For profit/(loss) from continuing operations		**HK$(0.27)**	HK$0.05

Details of the dividends are disclosed in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 28 February 2014

	2014	2013
	HK$'000	*HK$'000*
		(restated)
PROFIT/(LOSS) FOR THE YEAR	**(86,066)**	73,187
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to the income statement in subsequent periods:		
Exchange differences arising on translation of foreign operations	**3,840**	5,502
Realisation of exchange fluctuation reserve upon disposal of a subsidiary	**325**	(46,159)
Net other comprehensive income/(loss) to be reclassified to the income statement in subsequent periods	**4,165**	(40,657)
Other comprehensive income not to be reclassified to the income statement in subsequent periods:		
Actuarial gains on defined benefit plan	**7,613**	2,652
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(74,288)**	35,182
ATTRIBUTABLE TO:		
Equity holders of the Company	**(72,442)**	24,782
Non-controlling interests	**(1,846)**	10,400
	(74,288)	35,182

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

28 February 2014

	Notes	**28 February 2014 HK$'000**	28 February 2013 HK$'000 (restated)	1 March 2012 HK$'000 (restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**116,471**	72,783	81,806
Investment properties		**–**	–	138,045
Prepaid land premium		**–**	–	735
Interests in associates		**–**	–	–
Interest in a joint venture		**–**	–	–
Financial instruments		**26,326**	26,326	38,825
Deposits and other receivables		**35,932**	26,389	6,351
Total non-current assets		**178,729**	125,498	265,762
CURRENT ASSETS				
Properties under development		**–**	–	130,658
Inventories		**62,890**	75,400	69,005
Loan to a joint venture		**23,119**	–	–
Due from a joint venture		**1,053**	–	–
Debtors	*10*	**312**	187	7,333
Reinsurance assets		**16**	16	29
Prepayments, deposits and other receivables		**25,169**	31,136	41,070
Financial assets at fair value through profit or loss		**312,044**	277,241	262,925
Financial instruments		**–**	124,800	–
Tax recoverable		**–**	–	17
Pledged bank balances		**30,571**	22,193	15,514
Pledged deposits with banks		**180,002**	52,278	32,659
Cash and bank balances		**233,857**	227,580	75,744
Total current assets		**869,033**	810,831	634,954

	Notes	**28 February 2014 HK$'000**	28 February 2013 HK$'000 (restated)	1 March 2012 HK$'000 (restated)
CURRENT LIABILITIES				
Creditors	*11*	**73,023**	104,722	97,997
Insurance contracts liabilities		**1,224**	1,228	1,241
Deposits, accrued expenses and other payables		**60,204**	65,610	80,258
Derivative financial instruments		**439**	14	–
Interest-bearing bank borrowings	*13*	**237,874**	52,000	42,966
Other loans		**1,916**	–	–
Tax payable		**35**	82	106
Total current liabilities		**374,715**	223,656	222,568
NET CURRENT ASSETS		**494,318**	587,175	412,386
TOTAL ASSETS LESS CURRENT LIABILITIES		**673,047**	712,673	678,148
NON-CURRENT LIABILITIES				
Deferred tax liabilities		**–**	–	22
Accrued expenses and other payables		**37,828**	–	115
Interest-bearing bank borrowings	*13*	**21,036**	15,197	19,308
Other loans		**986**	966	3,627
Pension scheme liabilities		**8,820**	13,547	13,390
Total non-current liabilities		**68,670**	29,710	36,462
NET ASSETS		**604,377**	682,963	641,686
EQUITY				
Equity attributable to equity holders of the Company				
Issued share capital		**287,154**	287,154	287,154
Share premium account		**26**	26	26
Reserves		**254,767**	333,585	303,049
		541,947	620,765	590,229
Non-controlling interests		**62,430**	62,198	51,457
TOTAL EQUITY		**604,377**	682,963	641,686

Notes:

1. CORPORATE INFORMATION

The Sincere Company, Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 24th Floor, Leighton Centre, 77 Leighton Road, Hong Kong. The principal activities of the Company and its subsidiaries during the year consisted of the operation of department stores, securities trading, furniture design and manufacturing, the provision of advertising agency services, the provision of travel agency franchising services and the provision of general and life insurances.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: *Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-lnt 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), Amendments to HKAS 1, HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle,* the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The adoption of HKFRS 10 has affected the accounting for the Company's 48.09%, 40.67% and 37.15% direct equity interests in The Sincere Life Assurance Company Limited and its subsidiaries ("Sincere Life Group"), The Sincere Insurance & Investment Company, Limited and its subsidiaries ("Sincere I&I Group") and The Sincere Company (Perfumery Manufacturers), Limited ("Sincere Perfumery"), respectively.

The directors assessed whether or not the Group has control over Sincere Life Group, Sincere I&I Group and Sincere Perfumery in accordance with the new definition of control and the related guidance set out in HKFRS 10. After the reassessment based on the accounting judgement which included the Company's absolute size of holding in Sincere Life Group, Sincere I&I Group and Sincere Perfumery, the relative size and dispersion of the shareholdings owned by the other shareholders who acted as principal of their investments in Sincere Life Group, Sincere I&I Group and Sincere Perfumery and the past history of voting patterns in the shareholders' meetings of Sincere Life Group, Sincere I&I Group and Sincere Perfumery, the directors concluded that the Group has had control over Sincere Life Group, Sincere I&I Group and Sincere Perfumery since the dates on which the Group obtained control. Therefore, in accordance with the requirements of HKFRS 10, Sincere Life Group, Sincere I&I Group and Sincere Perfumery have been the subsidiaries of the Company since the dates on which the Group obtained control. Before the adoption of HKFRS 10, Sincere Life Group, Sincere I&I Group and Sincere Perfumery were treated as associates of the Company and accounted for using the equity method of accounting.

The Group has consolidated the financial statements of Sincere Life Group, Sincere I&I Group and Sincere Perfumery since the dates on which the Group obtained control. For the year ended 28 February 2014, the Group has consolidated the financial statements of Sincere Life Group, Sincere I&I Group and Sincere Perfumery based on its 56.96%, 57.98% and 62.37% effective equity interests and accounted for the remaining equity interests of 43.04%, 42.02% and 37.63%, as non-controlling interests, respectively. Non-controlling interests have been recognised at a proportionate share of the net assets of the subsidiaries. The opening balances as at 1 March 2012 and comparative information for the year ended 28 February 2013 have been restated in the consolidated financial statements. The quantitative impact on the financial statements is summarised below:

Impact on the consolidated income statement:

For the year ended 28 February 2013

	HK$'000
Increase in revenue	52
Increase in cost of sales	(38)
Increase in other income and gains, net	26,848
Increase in net unrealised gain on securities trading	1,432
Increase in general and administrative expenses	(7,824)
Increase in other operating expenses	(8)
Increase in finance costs	(84)
Decrease in share of profits and losses of associates	(20,037)
Increase in profit before tax	341
Increase in income tax expense	(3)
Increase in profit for the year	338
Increase/(decrease) in profit attributable to:	
Equity holders of the Company	(9,118)
Non-controlling interests	9,456
	338
Increase in earnings per share attributable to equity holders of the Company[#]	
Basic	
– For profit for the year	HK$0.06
– For profit for the year from continuing operations	–
Diluted	
– For profit for the year	HK$0.06
– For profit for the year from continuing operations	–

[#] The number of ordinary shares in issue throughout the year used for the calculation of earnings per share was restated to reflect the number of treasury shares held by the Company's subsidiaries.

Impact on the consolidated statement of comprehensive income:

For the year ended 28 February 2013

	HK$'000
Increase in profit for the year	338
Increase in exchange difference arising on translation of foreign operations	197
Increase in total comprehensive income for the year	535
Increase/(decrease) in total comprehensive income attributable to:	
Equity holders of the Company	(9,118)
Non-controlling interests	9,653
	535

Impact on the consolidated statement of financial position:

	As at 28 February 2013 *HK$'000*	As at 1 March 2012 *HK$'000*
Increase in property, plant and equipment	1	2
Increase in investment properties	–	10,350
Decrease in interests in associates	(36,371)	(14,788)
Increase in financial instruments	–	151
Increase in pension scheme assets	1,384	1,384
Increase in reinsurance assets	16	29
Increase in prepayments, deposits and other receivables	4,124	4,334
Increase in financial assets at fair value through profit or loss	6,584	5,150
Increase in tax recoverable	–	17
Increase in pledged deposits with banks	34,852	5,273
Increase in cash and bank balances	2,561	23,095
Increase in insurance contracts liabilities	(1,228)	(1,241)
Increase in deposits, accrued expenses and other payables	(10,304)	(29,997)
Increase in tax payable	(8)	–
Increase in deferred tax liabilities	–	(22)
Increase in other loans	(966)	(3,627)
Increase in net assets or total equity	645	110
Increase in non-controlling interests	(78,549)	(68,896)
Impact on equity attributable to equity holders of the Company	(77,904)	(68,786)

Impact on the consolidated statement of cash flows:

For the year ended 28 February 2013

	HK$'000
Decrease in net cash flows from operating activities	(8,013)
Decrease in net cash flows from investing activities	(9,860)
Decrease in net cash flows from financing activities	(2,661)
Net decrease in cash and cash equivalents	(20,534)

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011). Since the Group had no investment in joint arrangements prior to the adoption of HKFRS 11, HKFRS 11 had no respective effects on the results and financial position to the Group.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(f) HKAS 19 (2011) changes the accounting for defined benefit plans. The revised standard removes the choice to defer the recognition of actuarial gains and losses. All actuarial gains and losses are required to be recognised immediately in other comprehensive income ("OCI"). The interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a net interest amount under HKAS 19 (2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. Prior to the adoption of HKAS 19 (2011), the Group elected to recognise actuarial gains or losses as income or expense over the expected average remaining service periods of the employees participating in the defined benefit plan when the net cumulative unrecognised actuarial gains or losses for the plan at the end of the previous period exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets at that date. Upon the adoption of HKAS 19 (2011), all actuarial gains and losses are recognised in OCI immediately. As a result, all deferred actuarial gains and losses as at 1 March 2012 and 28 February 2013 were recognised in OCI and the actuarial losses recognised in the income statement for the year ended 28 February 2013 were adjusted to OCI. In addition, the interest cost and expected return on plan assets recorded in 2013 have been replaced by a net interest amount.

Furthermore, upon the adoption of HKAS 19 (2011), all past service costs are recognised at the earlier of when an amendment/curtailment occurs and when the related restructuring or termination costs are recognised. As a result, unvested past service costs can no longer be deferred and recognised over the future vesting period. Since the Group did not have unrecognised service costs as at 1 March 2012 and 28 February 2013, the adoption of HKAS 19 (2011) has had no financial impact on the past services costs.

Other than the changes to the accounting for defined benefit plan, HKAS 19 (2011) also changes the timing of recognition for termination benefits and the classification of short term employee benefits. The revised standard requires termination benefits outside of a wider restructuring to be recognised only when the offer becomes legally binding and cannot be withdrawn. Under the revised standard, the distinction between short term and other long term employee benefits is now based on the expected timing of settlement rather than employee entitlement. As the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period or had no events giving rise to termination benefits, the changes to the accounting for these benefits have had no effect on the financial position or performance of the Group.

The effects of the changes to the accounting for the Group's defined benefit plan are summarised below:

Impact on the consolidated income statement:

For the year ended 28 February 2014

	HK$'000
Increase in general and administrative expenses	**(4,766)**
Increase in loss before tax and loss for the year	**(4,766)**
Increase in loss attributable to:	
Equity holders of the Company	**(4,653)**
Non-controlling interests	**(113)**
	(4,766)
Increase in loss per share attributable to equity holders of the Company	
Basic	
– For loss for the year	**(HK$0.01)**
– For loss for the year from continuing operations	**(HK$0.01)**
Diluted	
– For loss for the year	**(HK$0.01)**
– For loss for the year from continuing operations	**(HK$0.01)**

For the year ended 28 February 2013

	HK$'000
Increase in general and administrative expenses	(1,486)
Decrease in profit before tax and profit for the year	(1,486)
Decrease in profit attributable to:	
Equity holders of the Company	(1,362)
Non-controlling interests	(124)
	(1,486)
Decrease in earnings per share attributable to equity holders of the Company	
Basic	
– For profit for the year	(HK0.4 cent)
– For profit for the year from continuing operations	(HK0.4 cent)
Diluted	
– For profit for the year	(HK0.4 cent)
– For profit for the year from continuing operations	(HK0.4 cent)

Impact on the consolidated statement of comprehensive income:

For the year ended 28 February 2014

	HK$'000
Increase in loss for the year	**(4,766)**
Increase in actuarial gains on defined benefits plan	**7,613**
Decrease in total comprehensive loss for the year	**2,847**
Decrease in total comprehensive loss attributable to:	
Equity holders of the Company	**2,806**
Non-controlling interests	**41**
	2,847

For the year ended 28 February 2013

	HK$'000
Decrease in profit for the year	(1,486)
Increase in actuarial gains on defined benefit plan	2,652
Increase in total comprehensive income for the year	1,166
Increase in total comprehensive income attributable to:	
Equity holders of the Company	673
Non-controlling interests	493
	1,166

Impact on the consolidated statement of financial position:

	As at 28 February 2014 *HK$'000*	As at 28 February 2013 *HK$'000*	As at 1 March 2012 *HK$'000*
Decrease in pension scheme assets	**(3,347)**	(3,347)	(4,670)
Increase in pension scheme liabilities	**(10,700)**	(13,547)	(13,390)
Decrease in net assets and total equity	**(14,047)**	(16,894)	(18,060)
Decrease in non-controlling interests	**293**	334	827
Impact on equity attributable to equity holders of the Company	**(13,754)**	(16,560)	(17,233)

(g) The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to the income statement at a future point in time (for example, exchange differences on translation of foreign operations) are presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefits plan). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been revised to reflect the changes.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effectively retrospectively for annual periods beginning on or after 1 March 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

HKAS 1 *Presentation of Financial Statements:* Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; make retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

3. SEGMENT INFORMATION

(a) Operating segments

The following tables present revenue, profit/(loss) and certain assets, liabilities and expenditure information for the Group's operating segments for the years ended 28 February 2014 and 28 February 2013.

	Continuing operations										Discontinued operation			
	Department store operations		Securities trading		Others		Eliminations		Total		Property rental and development		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Segment revenue:														
Sales to external customers	**423,519**	466,437	**1,420**	945	**19,174**	30,684	**–**	–	**444,113**	498,066	**–**	4,881	**444,113**	502,947
Intersegment sales	**–**	–	**–**	–	**38,212**	34,744	**(38,212)**	(34,744)	**–**	–	**–**	–	**–**	–
Other revenue	**467**	110	**23,544**	14,638	**11,521**	27,780	**–**	–	**35,532**	42,528	**–**	2,913	**35,532**	45,441
Total	**423,986**	466,547	**24,964**	15,583	**68,907**	93,208	**(38,212)**	(34,744)	**479,645**	540,594	**–**	7,794	**479,645**	548,388
Segment results	**(70,374)**	30,943	**181**	(8,164)	**(21,925)**	2,447			**(92,118)**	25,226	**–**	(11,155)	**(92,118)**	14,071
Interest income and unallocated revenue									**10,454**	730	**–**	61,004	**10,454**	61,734
Finance costs									**(4,077)**	(2,171)	**–**	–	**(4,077)**	(2,171)
Profit/(loss) before tax									**(85,741)**	23,785	**–**	49,849	**(85,741)**	73,634
Income tax expense									**(325)**	(447)	**–**	–	**(325)**	(447)
Profit/(loss) for the year									**(86,066)**	23,338	**–**	49,849	**(86,066)**	73,187
Segment assets	**202,280**	166,544	**332,597**	297,356	**106,667**	205,270	**(38,212)**	(34,892)	**603,332**	634,278	**–**	–	**603,332**	634,278
Unallocated assets									**444,430**	302,051	**–**	–	**444,430**	302,051
Total assets									**1,047,762**	936,329	**–**	–	**1,047,762**	936,329
Segment liabilities	**198,094**	186,719	**739**	291	**23,854**	34,051	**(38,212)**	(34,892)	**184,475**	186,169	**–**	–	**184,475**	186,169
Unallocated liabilities									**258,910**	67,197	**–**	–	**258,910**	67,197
Total liabilities									**443,385**	253,366	**–**	–	**443,385**	253,366
Other segment information:														
Depreciation	**16,065**	9,322	**375**	376	**1,579**	1,999	**–**	–	**18,019**	11,697	**–**	1,214	**18,019**	12,911
Amortisation of prepaid land premium	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	24	**–**	24
Capital expenditure	**61,844**	17,055	**–**	1,500	**409**	107	**–**	–	**62,253**	18,662	**–**	5	**62,253**	18,667
Gain on disposal of investment properties	**–**	–	**–**	–	**–**	(1,107)	**–**	–	**–**	(1,107)	**–**	–	**–**	(1,107)
Loss/(gain) on disposal/ write-off of items of property, plant and equipment	**418**	37	**–**	(34)	**121**	644	**–**	–	**539**	647	**–**	6	**539**	653
Net income derived from available-for-sale investments	**–**	–	**–**	–	**(5,146)**	(8,230)	**–**	–	**(5,146)**	(8,230)	**–**	–	**(5,146)**	(8,230)
Provision for inventories	**99**	–	**–**	–	**–**	–	**–**	–	**99**	–	**–**	–	**99**	–
Impairment on interests in associates	**–**	–	**–**	–	**326**	220	**–**	–	**326**	220	**–**	–	**326**	220
Impairment/(write-back of impairment) on debtors	**–**	–	**–**	–	**(644)**	797	**–**	–	**(644)**	797	**–**	–	**(644)**	797
Write-back of other payables	**–**	–	**–**	–	**(5,004)**	(18,190)	**–**	–	**(5,004)**	(18,190)	**–**	–	**(5,004)**	(18,190)
Impairment/(write-back of impairment) on other receivables and financial instruments, net	**–**	–	**–**	21,300	**–**	(312)	**–**	–	**–**	20,988	**–**	–	**–**	20,988
Loss/(gain) on disposal of a subsidiary	**–**	–	**–**	–	**423**	–	**–**	–	**423**	–	**–**	(61,000)	**423**	(61,000)

(b) Geographical information

The following table presents revenue and non-current assets information from continuing operations.

	Hong Kong		Mainland China		United Kingdom ("UK")		Others		Eliminations		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Segment revenue:												
Sales to external customers	**428,640**	477,739	**14,696**	19,729	**334**	251	**443**	347	**–**	–	**444,113**	498,066
Non-current assets	**150,929**	97,402	**1,474**	1,770	**–**	–	**–**	–	**–**	–	**152,403**	99,172

The non-current assets information from continuing operations above is based on the locations of the assets and includes property, plant and equipment and deposits and other receivables.

(c) Information about major customers

For the years ended 28 February 2014 and 28 February 2013, as no revenue from continuing operations derived from an individual customer of the Group has accounted for over 10% of the Group's total revenue, no information about major customers is presented under HKFRS 8.

4. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000* (restated)
Interest on bank borrowings wholly repayable within five years	**3,820**	1,896
Others	**257**	275
	4,077	2,171

5. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit/(loss) before tax from continuing operations is arrived at after charging/(crediting):

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Depreciation	**18,019**	11,697
Auditors' remuneration	**3,856**	3,830
Employee benefit expense, excluding directors' and chief executive's remuneration:		
Wages and salaries	**68,812**	64,054
Equity-settled share option expenses	**–**	946
Pension contributions, including a pension cost for defined benefit plan of HK$4,766,000 (2013: HK$4,869,000 (restated))	**7,019**	6,821
	75,831	71,821
Impairment on interests in associates *	**326**	220
Provision for inventories **	**99**	–
Operating lease rental payments in respect of land and buildings:		
Minimum lease payments	**165,104**	130,480
Contingent rent	**7,846**	7,450
Loss on disposal/write-off of items of property, plant and equipment *	**539**	647
Loss on disposal of a subsidiary (note 12(a)) ***	**423**	–
Impairment/(write-back of impairment) on debtors	**(644)**	797
Gain on disposal of investment properties ***	**–**	(1,107)
Net income derived from available-for-sale investments ***	**(5,146)**	(8,230)
Net realised gain on securities trading	**(1,420)**	(945)
Underwriting profit	**(11)**	(14)
Rental income	**(3,572)**	(3,644)
Interest income ***	**(11,592)**	(5,960)
Dividends from listed investments ***	**(2,726)**	(2,617)
Dividends from unlisted investments ***	**(13,564)**	(6,863)
Foreign exchange loss/(gain), net ***	**(4,057)**	182
Write-back of other payables ***	**(5,004)**	(18,190)
Impairment on other receivables and financial instruments, net△	**–**	20,988

* Amounts are included in "Other operating expenses" on the face of the consolidated income statement.

** Amount is included in "Cost of sales" on the face of the consolidated income statement.

*** Amounts are included in "Other income and gains, net" on the face of the consolidated income statement.

△ During the year ended 28 February 2013, impairment on other receivables and financial instruments, net, represented the provision of HK$21,300,000 relating to the Group's unlisted investment in Oriental Finance (HK) Limited with major operations in Mainland China, netted off by the write-back of impairment on other receivables of approximately HK$312,000.

6. INCOME TAX

No provision for Hong Kong profits tax has been made as there were no assessable profits arising in Hong Kong during the year. In prior year, Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(restated)
Group:		
Current – Hong Kong		
Charge for the year	**–**	16
Underprovision/(overprovision) in prior years	**(16)**	9
Current – Elsewhere		
Charge for the year	**341**	444
Deferred tax	**–**	(22)
Total tax charge for the year	**325**	447

7. DISCONTINUED OPERATION

On 14 September 2012, The Sincere Department Store (China) Limited, a wholly-owned subsidiary of the Company, Dalian Sincere Building Co. Ltd. ("Dalian Sincere"), an indirect wholly-owned subsidiary of the Company and the Company entered into an agreement with Dashang Jiahua Group Limited ("Dashang Jiahua") to sell the entire registered capital of Dalian Sincere at a consideration of RMB72,000,000 and to sell all amounts owed by Dalian Sincere to the Group to Dashang Jiahua at a consideration of RMB229,000,000. The aggregate consideration was RMB301,000,000 (equivalent to HK$374,926,000). Dalian Sincere's principal asset is Dalian Sincere Building located at 18 Jie Fang Road, Zhong Shan District, Dalian, the People's Republic of China (the "PRC"). Given the stalemate property market conditions in the PRC and the deteriorating physical condition of the property, the Group considered it was a good opportunity to realise the property by disposing of the entire registered capital and the debt of Dalian Sincere so that the Group need not inject further funding for the property but also obtaining the sales proceed from the disposal. The transaction was completed in December 2012 and, accordingly, the Group's property rental and development operation was discontinued.

The results of the discontinued operation for the year are presented below:

	Notes	2014 HK$'000	2013 HK$'000
Revenue		–	4,881
Cost of sales		–	(276)
Other income and gains	*(i)*	–	2,917
Selling and distribution expenses		–	(1,761)
General and administrative expenses	*(ii)*	–	(16,267)
Other operating expenses	*(iii)*	–	(645)
Loss before tax		–	(11,151)
Income tax expense		–	–
Loss for the year		–	(11,151)
Gain on disposal of a subsidiary	*12(b)*	–	61,000
Profit for the year from the discontinued operation		–	49,849

Notes:

(i) Amount included interest income of HK$4,000.

(ii) Amount included depreciation of HK$1,214,000 and amortisation of prepaid land premium of HK$24,000.

(iii) Amount included loss on disposal/write-off of items of property, plant and equipment of HK$6,000.

The net cash flows incurred by the discontinued operation are as follows:

	2014 HK$'000	2013 HK$'000
Operating activities	–	(1,478)
Investing activities	–	258
Net cash outflow	–	(1,220)
Earnings per share:		
Basic, from the discontinued operation (restated)	–	HK$0.16
Diluted, from the discontinued operation (restated)	–	HK$0.16

The calculation of basic earnings per share from the discontinued operation was based on the profit from the discontinued operation attributable to equity holders of the Company for the year ended 28 February 2013 of HK$49,849,000 and the 313,864,800 (restated) ordinary shares in issue throughout the prior year, as adjusted to reflect the number of treasury shares of 260,443,200 held by the Company's subsidiaries.

No adjustment had been made to the basic earnings per share for the prior year as the share options in issue had no dilutive effect during the year ended 28 February 2013.

8. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividend paid during the year		
Final in respect of the financial year ended 28 February 2013		
– HK1.5 cents (2013: Nil) per ordinary share	**8,615**	–
Proposed final dividend		
– Nil (2013: HK1.5 cents) per ordinary share	**–**	8,615

The board of directors does not recommend the payment of a dividend for the year ended 28 February 2014. In prior year, the proposed final dividend for the year ended 28 February 2013 was subject to the approval of the Company's shareholders at the Annual General Meeting. These financial statements did not reflect the dividend payable as at 28 February 2013.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share is based on the loss for the year and loss for the year from continuing operations of HK$85,068,000 (2013: profit of HK$64,344,000 (restated)) and HK$85,068,000 (2013: profit of HK$14,495,000 (restated)), respectively, attributable to equity holders of the Company and the 313,864,800 ordinary shares (2013: 313,864,800 (restated)) in issue throughout the year, as adjusted to reflect the number of treasury shares of 260,443,200 (2013: 260,443,200) held by the Company's subsidiaries.

No adjustments had been made to the basic earnings/(loss) per share for the current and prior years as the share options in issue had no dilutive effect during the years ended 28 February 2014 and 28 February 2013.

10. DEBTORS

The Group's trading terms with its customers are mainly on credit, except for department store operations, where payment is normally made on a cash basis. The credit period is generally one month. The Group seeks to maintain strict control over its outstanding receivables by the sales department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its debtor balances. Trade receivables are non-interest-bearing.

An aged analysis of the debtors as at the end of the reporting period, based on the payment due date, is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within 3 months not past due	**305**	136
Within 3 months past due	**–**	51
Over 3 months past due	**52**	797
Total debtors	**357**	984
Impairment	**(45)**	(797)
Total	**312**	187

11. **CREDITORS**

An aged analysis of the creditors as at the end of the reporting period is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current – 3 months	**68,830**	103,270
4 – 6 months	**1,556**	275
7 – 12 months	**1,723**	1,162
Over 1 year	**914**	15
	73,023	104,722

12. **DISPOSAL OF SUBSIDIARIES**

(a) Disposal of 東莞市卓譽家具有限公司

		Group	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
Net assets disposed of:			
Prepayments, deposits and other receivables		**98**	–
Realisation of exchange fluctuation reserve		**325**	–
		423	–
Loss on disposal	*5*	**(423)**	–
Satisfied by:			
Cash – Consideration of RMB2 (equivalent to HK$3)		**–**	–

(b) Disposal of Dalian Sincere

		Group	
		2014	2013
		HK$'000	*HK$'000*
Net liabilities disposed of:			
Property, plant and equipment		–	14,108
Investment properties		–	128,936
Prepaid land premium		–	749
Properties under development		–	131,928
Prepayments, deposits and other receivables		–	2,772
Due to the Group		–	(669,081)
Realisation of exchange fluctuation reserve		–	(46,159)
		–	(436,747)
Due to the Group		–	669,081
Gain on disposal	*7*	–	61,000
		–	293,334
Satisfied by:			
Cash		–	374,926

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2014	2013
	HK$'000	*HK$'000*
Cash consideration	–	374,926
Less: Transaction costs	–	(81,592)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	–	293,334

13. INTEREST-BEARING BANK BORROWINGS

	Group	
	2014	2013
	HK$'000	*HK$'000*
Bank loans, secured	**251,552**	60,370
Bank overdrafts, secured	**7,358**	6,827
	258,910	67,197
Analysed into:		
Within one year or on demand	**237,874**	52,000
In the second year	**21,036**	15,197
	258,910	67,197
Less: Amounts repayable within one year or on demand and classified as current portion	**(237,874)**	(52,000)
Amount classified as non-current portion	**21,036**	15,197

The bank loans and overdrafts bear interest at rates ranging from 0.9% to 5.0% (2013: 1.0% to 5.8%) per annum. The interest-bearing borrowings and overdrafts are mainly denominated in Hong Kong dollars.

The Group's and the Company's bank borrowings and facilities are secured by:

(i) the pledge of certain of the Group's bank balances of HK$30,571,000 (2013: HK$22,193,000) and time deposits amounting to HK$180,002,000 (2013: HK$52,278,000 (restated));

(ii) the pledge of the Company's time deposits amounting to HK$63,200,000 (2013: HK$17,426,000);

(iii) the pledge of certain of the Group's marketable securities with an aggregate market value of approximately HK$236,973,000 (2013: HK$205,832,000 (restated)); and

(iv) mortgages over certain of the Group's leasehold land and buildings with an aggregate carrying value at the end of the reporting period of approximately HK$31,481,000 (2013: HK$32,497,000).

14. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the adoption of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised or added to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatments.

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend in respect of the financial year ended 28 February 2014.

RESULTS

This year was a year of change and investing for the future of our department store operations. Following the request of the landlord, the Grand Century Place store was shrunk by two thirds in October 2012 and eventually exited in April 2014. The Central store was returned to the landlord upon lease expiry in August 2013.

To keep the business momentum, the Group has opened by phases three new strategic stores during the year under review. In October 2013, the Group opened the Sincere MK store on Nathan Road, Mongkok, in January 2014 the Central store at Li Po Chun Chambers on Des Voeux Road, Central, and in April 2014 the Sincere CWB store on Percival Street, Causeway Bay.

Revenue previously contributed by the Grand Century Place store and the Central store has yet to be matched by the three new stores. The reasons for this are increases in both operating and occupancy costs. Operating costs increased drastically to comply with relevant accounting standards, which required the Group to recognise the effective cost of rent of the new stores during their rent-free period. Occupancy cost increased by 50% per month for essentially the same amount of space.

Also, the last financial year recognized a substantial gain from an operation that has since been discontinued. The Group recorded a loss attributable to equity holders of HK$85 million as compared to a profit from last year. Revenue was HK$444 million, representing a decline of 11%.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed shares during the financial year.

CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance practices are based on the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

During the financial year ended 28 February 2014, the Company has complied with the Code Provisions set out in the CG Code, save and except for code provision A.4.1, A.6.7 and E.1.2.

Pursuant to code provision A.4.1 of the CG Code that non-executive directors should be appointed for a specific term, subject to re-election. The Independent Non-Executive Directors of the Company were not appointed for a specific term but are subjected to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's Article of Association.

Pursuant to code provision A.6.7 and E.1.2 of the CG Code that independent non-executive directors and chairman of the board should also attend general meetings. Mr Charles M W Chan, Mr Peter Tan, the Independent Non-Executive Directors of the Company and Mr Walter K W Ma, the Executive Chairman of the Company, did not attend the general meeting of the Company due to their business arrangement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code governing the transactions of securities by the Directors. After making specific enquiry to all Directors, it is confirmed by the Company that the Directors of the Company had complied with the relevant standard as provided in the Model Code.

AUDIT COMMITTEE

The Audit Committee of the Company comprises four members all of whom are Independent Non-Executive Directors, namely, Mr Eric K K Lo, Mr Charles M W Chan, Mr King Wing Ma and Mr Peter Tan. Regular meetings have been held by the Audit Committee since its establishment and the Audit Committee met two times in the year under review. The primary duties of the Audit Committee are to review the Group's internal control and financial reporting process including interim and annual financial statements before recommending them to the Board of Directors for approval. The audit committee of the Company has discussed with the external auditors of the Company on the accounting principles and practices adopted by the Group and the consolidated results of the Group for the year ended 28 February 2014, and is of the opinion that the consolidated results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

LIQUIDITY AND FINANCIAL RESOURCES

At 28 February 2014, the Group had cash and bank balances of HK$444 million (2013 restated: HK$302 million) of which HK$211 million (2013 restated: HK$74 million) was pledged. The Group's gearing increased by 37% to 48% in total debt to the shareholders' fund as compared to last year. The substantial increase mainly arose from the capital expenditures and the provision of working capital for the three new stores. The interest expense charged to the consolidated income statement for the year was HK$4 million (2013 restated: HK$2 million). The interest-bearing bank borrowings of the Group as of 28 February 2014 were in the sum of HK$259 million (2013: HK$67 million) of which HK$238 million (2013: HK$52 million) was repayable within one year and the remaining balance was repayable within the second and fifth years. The bank borrowings were mainly in HKD with interest rates ranging from 0.9% to 5.0% per annum. The current ratio was 2.3 (2013 restated: 3.6).

The Group currently has a foreign currency hedging policy on Euro for the purchase of inventories, which hedges half of the anticipated total value of the European inventory purchase for re-sale at the department stores. In addition to the internal generated cash flows, the Group also made use of both long and short term borrowings to finance its operation during the year. All borrowings were secured against the securities investment, certain properties and bank deposits.

EMPLOYEES AND REMUNERATION POLICIES

At 28 February 2014, the Group had 571 employees (2013 restated: 498) including part time staff. The Group operates different remuneration schemes for sales and non-sales employees to motivate front-line and back office staff towards higher sales achievement and operating efficiencies. Apart from basic salary and discretionary year-end bonuses based on individual merit, sales personnel are further remunerated on the basis of goal-oriented packages comprising several schemes of sales commission. The Group provides employee benefits such as employee stock options, staff purchase discounts, subsidized medical care and training courses.

BUSINESS REVIEW

The revenue of the retail operation declined 9% as a result of the respective down-size and closure of the Grand Century Place and Central stores, while the new stores that opened in the third and fourth quarter of the financial year were not able to compensate for the revenue drop. During the year, management focused on the opening of the three new stores and the repositioning of the brand as a contemporary department store. We adopted a more fashionable logo for the Group, used a more modern store design, upgraded the merchandise including bringing in ladies Korean fashion for the first time, and undertook an aggressive advertising and public relations campaign to promote the change and the new stores.

Regarding other business segments, the revenue recorded a decline. In the last financial year, there was a material disposal gain from an available-for-sale investment. This gain did not exist in the current year. The advertising business has been focused on the Group's brand re-building exercise while the operation in the PRC was maintained. The travel franchise business remains inactive and management is reviewing its future direction.

PROSPECTS

The year ahead will be challenge to the Group. Numerous challenges await management, including how to get old and new customers to the new stores and tackling the surging operating and rental costs. In addition, it is expected that in 2014 there will be a weaker consumer sentiment plus a slowdown of Chinese tourists' spending. Though the operating environment is difficult, management will strive to improve the retail business and further strengthen the new image by continuing the expansion to a slightly younger customer segment. The Group will endeavor to drive the loyal customers to visit the new stores, launch more innovative marketing campaigns, enrich the merchandising mix, implement digital shopping and enhance customer services.

As for securities trading, the investment strategy will remain conservative and may lean towards structured products with a more stable return. The advertising operation will increase its PRC focus signing up to revamp an in-flight magazine for a major airline. In the UK, the Group will continue to look for suitable real estate project in London.

Management believes that this new, improved direction is correct. Given time to execute properly, management is optimistic that results will improve in the long run and return to profitability.

DIRECTORS

As at the date of this announcement, the Executive Directors of the Company are Mr Walter K W Ma, Mr Philip K H Ma and Mr John Y C Fu, and the Independent Non-Executive Directors are Mr King Wing Ma, Mr Eric K K Lo, Mr Charles M W Chan and Mr Peter Tan.

On behalf of the Board
Walter K W MA
Executive Chairman

Hong Kong, 29 May 2014